

Kentucky Agricultural Development Board

Minutes of the October 14 and 15, 2004 Board Meeting

The regular meeting of the Kentucky Agricultural Development Board was held on **Thursday, October 14 and Friday October 15** at **10:00 A.M. (CDT)**, at the Lake Cumberland State Resort Park, Jamestown. Commissioner Richie Farmer, presiding, called the meeting to order, and the Secretary called the roll.

Members Present

Donna Amburgey; H. H. Barlow; Daniel Case; John Cleaver; Rodney Dick; Commissioner Richie Farmer; Dennis Griffin; Wayne Hunt; Sam Lawson; Dean M. Scott Smith; Secretary Gene Strong (Don Goodin, designee)
[Sam Moore and Jim Mahan arrived later in the day]

Members Absent

Vickie Yates Brown; Governor Ernie Fletcher;

Others Present

Staff - Catherine Ball; Angela Blank; David Bratcher; Brian Furnish; Sandy Gardner; Kara Keeton; Maggie May; Bill McCloskey; Joel Neaveill; Lucinda Pease; Keith Rogers; Nick Whobrey; Stephen Yates **Guests** – Dave Loney, Kentucky Vineyards Society; Jeff Harper, Kentucky Farm Bureau; Mike Ovesen, Kentucky Pork Producers Association; Larry K. Snell, Kentucky Center For Cooperative Development; Aleve Douglas, Community Farm Alliance; Dave Maples, Kentucky Cattlemen's Association; Sharon Burtin Farmer's Pride; Frank Mc Aninch, Farmer; Roger Nesbitt, KFB; Robert Amburgey

Notification of Media

Commissioner Farmer received verification from Keith L. Rogers, Chief Executive Officer, that the media had received notice regarding the Agricultural Development Board meeting.

Welcome

Commissioner Farmer welcomed everybody to the beautiful Lodge at Lake Cumberland State Resort Park.

Overview of Planning Session

Keith Rogers thanked staff for all of the hard work that was put into this planning session.

Mr. Rogers introduced Nick Whobrey as the new Project Analyst. Mr. Whobrey will be taking over some of Maggie May's counties.

Mr. Rogers welcomed back David Bratcher to GOAP, as of October 1, 2004. Mr. Bratcher will focus on Kentucky Agricultural Finance Cooperation with Tim Hughes. Mr. Rogers explained that Tim Hughes will not be with us this weekend because of the National Conference of Agricultural Finance which is being held in Virginia.

Mr. Rogers noted that members of the Oversight Committee were invited to the planning meeting, but with the session they will not be able to make it. Others that were invited were Senator Harris, Senator McGaha, and Representative Roger Thomas.

Mr. Rogers explained that the Board's update folder contained an Agenda of the two day planning session; a Cooperative Overview sheet; a County Model Program Investments sheet; a non model county projects only sheet; a table of contents; different information from non model shared use equipment; state funded studies and research projects; and Contact Information.

Mr. Rogers shared that if there was any information the board members did not want available to the public to let GOAP know. The contact list will become a public document.

Mr. Rogers let Board know that they are encouraged to make any changes that they want to the planning session documents. The staff wants as much input as possible.

Mr. Rogers explained there was some confusion on the "Suggested Guiding Principles of Board". So, an updated copy of the Guidelines (Appendix A) was provided.

Mr. Rogers asked if there were any questions.

The Big Picture *[Document on file with board secretary]*

- Should ADB increase its focus and investments in traditional agriculture?
Recommendation: Yes, several recommendations during the planning meeting will move ADB to focus in that direction.

Dean Smith did not like this and wanted a definition of Traditional Agriculture. Dean Smith did not like the word "traditional".

Mr. Rogers responded that we would work more on the "traditional" agriculture rather than the "new" ideas. We would work more on the basics for which there is more infrastructure.

Donna Amburgey asked if maybe we should improve on the same old things and just expand them.

H. H. Barlow was not opposed, but explained if the purpose is to help most of the farmers the basics of every farm in the state has forage production, promoting dairy and beef. Mr. Barlow also acknowledged that some of the newer ventures did not work.

Dennis Griffin explained that we are getting away from the things that most effects the farmers. Mr. Griffin believes that one critical issue that we are missing is that we are not doing enough feasibility studies for all farmers. Mr. Griffin believes that it has been done in an inefficient manner. We need to pay for professional feasibility studies from the Universities to help guide the farmers. Mr. Griffin thinks goats are a basic example.

Wayne Hunt responded that we have the base but just need to grow on it. We should have enough information to grow. We should look at doing studies of certain

enterprises. We should look at what has been done, what worked, what did not and grow from there.

Mr. Hunt explained that we should fully implement the original intent of KCADE; provide training for producers that leased tobacco who will need assistance in transitioning in light of buyout.

Dean Smith suggested that we focus on investments on livestock enterprises with a foundation of success and a base of expertise in Kentucky.

Rodney Dick explained he had been on both sides of the issue. Mr. Dick commented that if the Board got anything out of this meeting he wants us [GOAP] to be proactive.

Mr. Hunt believes that we do not get any good ideas anymore. Mr. Hunt believes we have to decide how we get new ideas.

Sam Lawson explained to the board that we are here because of House Bill 611 and we need to make decisions based on this. Mr. Lawson believes the entrepreneurship center should have been implemented. Mr. Lawson suggests maybe it should be funded. Mr. Lawson feels in light of the buyout we have left out the small farmer who has rented a lot of tobacco. They might not be able to grow it anymore. Mr. Lawson suggests retraining funds for farmers that would not be able to grow tobacco anymore.

Commissioner Farmer wanted to let people know that agriculture has changed and it is not the same as it once was.

- Should ADB create categories of funding to achieve the goals and objectives established in this planning session?

Recommendation: ADB should set-a-side four new categories of funding to encourage investment in these areas. In addition to these four, we would retain the ADB General Account and KY Center for Agricultural Development Entrepreneurship Grant Pool. The new Categories should be: Traditional Livestock Agriculture; Farmers Markets; Agri-Tourism; Value-added processing and Market Development.

Dean Smith suggested dropping the word traditional for a second time.

Brian Furnish let the board know that staff did not know a good word to use, instead of this and it could be changed.

Mr. Griffin does not think we need to put the dollar figures on anything because of what the discussions might bring in the future.

- Should the ADB establish a competitive grant process in any of these categories?

Recommendation: ADB should establish competitive grant processes in Farmers Market and Agri-Tourism category.

Suggestions from Board: Reconsider the use of the word "grant" when forgivable loans are involved, and limit number of times an applicant can be approved for funds

Mr. Griffin wants to go towards forgivable loans.

Mr. Rogers explained the intent of the Farmers Market was for grants and the intent for Agri-tourism is for forgivable loans.

Mr. Griffin wanted to know what is the point of using two different items. Mr. Rogers explained that Farmers Markets could never make enough to earn the forgivable loan back.

Mr. Dick asked if there are there any caps on grants. Mr. Rogers explained there are no limits. Mr. Dick believes there needs to be a stopping point.

- Should individual farmers be eligible for state funds when there is no benefit to other producers from the funding award?

Recommendation: Yes, but only in the Traditional Livestock Agriculture category.

Suggestions from Board: How many people would be impacted by this type of program; Dairy and pork industries are interested in this type of program; How would this program be different than what's already offered in the current County Model Programs; Isn't there another way to promote the survival of the dairy industry other than this; State funds for state-wide or regional projects; county funds for individual impact; State Funds for individuals in program such as the suggested dairy program could benefit more than the individual producer.

Mr. Lawson disagrees with this statement and feels state dollars are becoming more and more limited.

Mr. Barlow brought up the dairy industry. Mr. Barlow pointed out that the dairy industry is so different because it is highly capitalized. Mr. Barlow talked to Representative Roger Thomas and Representative Thomas also feels it will help a lot of farmers. Mr. Barlow feels there is nothing that increases forage and grain better than dairy.

Mr. Dick wanted to know how many people would be impacted by this. Mr. Rogers explained that it depends on the application, how much funding was put into this and what industry came to us.

Ms. Amburgey wanted to know what industry's we have already talked to. Mr. Rogers answered; pork and dairy.

Frank McAninch, a guest, asked how would this differ from other model programs like the Ag. Diversification Program. Mr. McAninch also asked if we had this program should the focus be on increasing the farmers net farm income.

Mr. Rogers explained the concept of a livestock production category with state and county funds takes it one step beyond. It targets industries that have not had the funds put into them or have lost ground in Kentucky.

Mr. Hunt brought up the conversation of hay and asked how do you turn one person down. Mr. Hunt wanted to know how to effect these individual projects. Mr. Hunt said it's a board decision on if we fund individual or not; House Bill 611 does not say this. We have to address dairy and treat it carefully about individuals.

Mr. Barlow noted that you can not participate in the dairy program if their county does not kick in money.

Mr. Rogers suggested taking state funds and county funds and create a state model program just like a cost share program. Taking it one step further using state funds identify one single industry. Mr. Rogers explained the intent is a program like Barlow presented last month. Mr. Rogers felt the question is should a "Traditional Livestock Agricultural" category be established.

- Are there areas of agriculture ADB wants to stop investment?

Recommendation: Yes, tobacco production

Recommendations from Board: Keep tobacco production for advanced agriculture; pharmaceuticals etc.

Ms. Amburgey stated tobacco is why we are here.

Mr. Hunt answered that the general fund was not to increase the production of tobacco.

Ms. Amburgey asked about these farmers that stay 50% in.

Mr. Griffin commented that after the buyout we have a different view point. I think they are making a transition with a different attitude. It truly is going to be a different industry.

Mr. Lawson commented on three categories for post buyout that he sees people who are going to continue growing tobacco; those who are going to be bought out entirely; and the third group which we need to focus on, are the people that had tobacco but can no longer grow it.

Ms. Amburgey commented it is the owner who is losing not the person that is renting the tobacco.

Commissioner Farmer explained the reason for the buyout is to give people that were in the tobacco business money to continue what they are doing or do something else. Commissioner Farmer also commented the reason for the board is to get away from this. We need to think about change.

- ADB needs to define and develop criteria for the use of ADB funds vs. KAFC funds.

Recommendation: Any project application fitting within the KAFC guidelines of the investment Fund for Agriculture or the Agriculture Endeavors Lease Program will be placed on a two track process for review by both ADB and KAFC. During the projects first presentation to an ADB Review Committee, that committee will recommend to the full board whether this project should receive funding from ADB and/or be referred to KAFC.

Recommendations from board: 2/3 is too much to put into one project ;establish a cap; Multi million dollar projects need to involve economic development; Have KAFC have a larger portion than ADB; Current policy is ADB & KAFC combined can be no more than 50% of the project.

Mr. Rogers explained that GOAP staff needs direction on how to incorporate both ADB funds and KAFC funds in projects that may be eligible for both.

Mr. Hunt explained that we need a definite understanding on how these groups are going to work together and how the project is routed.

Mr. Griffin commented that we are involved in putting in 2/3rds of the project and I believe that is too much. Mr. Griffin is in favor of a cap, a development of a grant or a forgivable loan.

Mr. Rogers made it clear that operating capital is not included. This is trying to address instances where they still allow a structure where the ADB and KAFC are sharing together. We have got to do something to force an applicant to use both ADB and KAFC, not just one or KAFC does not need to be here. Mr. Rogers believed that in looking at the KAFC and ADB they were meant to take risks, risks that banks would not take.

Mr. Hunt ended the conversation by commenting that KAFC needed to take risks; we understood this when the board started this. We planted the seed.

- Should GOAP staff become proactive in developing applicants and as directed by ADB?

Recommendation: ADB establishes three areas it wants GOAP staff to proactively focus on in 2005: Value-added processing and marketing for agriculture commodities; production in traditional livestock agriculture areas; and development of a Kentucky Branded Beef product through retained ownership program.

Recommendations from Board: Existing expertise will be consulted; staff structured to work with other entities to implement a proactive approach.

Brian Furnish introduced this topic by explaining how we have always just waited for applications to come in the office. We are hoping to breathe some new life into this process. That was the reasons for the different pools of money. We want to add value to beef cattle and branded products, so that when the consumer looks for Kentucky Proud there is something to find.

Mr. Furnish commented that with the Tobacco Buyout taking place we should be able to leverage some of the funds with our Phase I money to help.

Mr. Lawson wanted to take “beef” out of “Development of Kentucky Branded Beef product through retained ownership program,” so that the scope was not narrowed for Kentucky Branded products.

Mr. Furnish explained the bigger picture is that we need to develop plans that will work.

Mr. Rogers explained that having a proactive staff would mean the staff going out and finding the leadership, finances, and asked if the board was going to turn the staff loose to do this.

Mr. Rogers explained we would use the Kentucky Department of Agriculture and others to do this. We have three people to do this and be proactive to bring this project to reality, if the board decides to go this way. Mr. Rogers asked if the Board wanted us to be proactive in doing this and to identify what areas need to take a proactive approach.

Dean Smith would like the University of Kentucky to be included in this task force.

Open Discussion

After Breakout sessions Mr. Rogers yielded the floor to any board member that had something to discuss that was not previously discussed in break out sessions.

Mr. Lawson had three areas that he wanted to discuss. 1. KCADE taking it where it needed to go, 2. Scholarship plan for retraining farmers(maybe a model program with a county fund; pool of dollars,) College or a tech school that would help themselves to retrain themselves and 3. KADB buying down loans or lock in interest rates.

Mr. Griffin felt that people that want to continue in agriculture are equally as important. Mr. Griffin referred to the letter he sent each Board member. [Letter on file with Board Secretary] The focus should be that we should be raising the bar and studying industries and markets before investing. Mr. Griffin added that animal production seems to be the highest on the list.

Wayne Hunt feels that we need to get back to the basics. The board needs to take what it has and expand on it. Mr. Hunt does not like how the Board has not tracked our money well. We must find out what has worked and what has not worked so that it can be taken to other parts of the state. KAFC is frustrating because we do not have anything to meet about. We need to look how both of these organizations work together. KAFC should be the lending arm of ADB.

H. H. Barlow commended the Board for all they have done. He noted that the Board needs to increase the profitability of agriculture in the state, look at the assets KY has in forage and look for ways to improve our hay industry. Mr. Barlow noted the Board's responsibility is to be proactive.

Donna Amburgey thought that farm safety may have been overlooked. Ms. Amburgey asked how we make this apart of the ADB criteria. Ms. Amburgey mentioned that forage and cattle is a good solution to diversify and we need to put more emphasis in Agri-tourism.

Brian Furnish felt with the buyout happening we have a unique opportunity to combine it with the Phase I money. Mr. Furnish believes we need a creative way to intertwine this with Phase I money.

John Cleaver stated he would like to see research done on health issues related to the growing cattle industry, noting that people do not realize how many calves are lost in Kentucky. Mr. Cleaver commended the senior board members for what they have accomplished.

Dean Smith voiced his frustration about not being proactive and not liking the projects that have come forward, noting that this is not a reason to throw out everything that has already been done. Dean Smith added that the board is not the ones that should come up with the ideas, since they are not the ones risking their lively hood. However, there are certain areas that we need to push a little bit.

Mr. Hunt explained that we are in a better position than we were in the beginning. He noted that the Board has time to look back and see what has been done, and is not under as much pressure as we were earlier in the process.

Mr. Rogers explained that 7.6 million dollars was left in the general account, and just wanted certain categories to focus on but, not completely limit the board to.

Mr. Dick likes traditional agriculture, but does not think that we should stay there. He feels that we are moving in a proactive way.

Sam Moore believes the timber industry is one of the most important things that could add value to farmers. Mr. Moore would like a model program to better the producers forest management , which may include thinning stands, selective cutting, and fencing off livestock.

Dean Smith stated that we have not done an enterprise analysis for a while. Dean Smith asked if we should be doing some more such as in the timber industry or in dairy.

Mr. Rogers explained that if we initiate it, it has to go through the RFP (Request for Proposal) process, but if a commodity group comes to the Board then they do not have to do the RFP.

Commissioner Farmer thanked staff for everything that they have done. There has been a significant change in agriculture. They have set the benchmark for things to come.

Mr. Lawson asked if we going to go over the Guiding Principles sometime in the future to do an update. Mr. Rogers agreed and noted that staff would take notes and make modifications and come back to the board with a document.

Mr. Lawson wanted to make it clear that the two documents that were written, were written by the board not by staff. (Guiding Principles)

Friday October 15, 2004

Members Present

Donna Amburgey; H. H. Barlow; Daniel Case; John Cleaver; Commissioner Richie Farmer; Dennis Griffin; Wayne Hunt; Sam Lawson; Jim Mahan; Sam Moore; Dean M. Scott Smith; Secretary Gene Strong (Don Goodin, designee)
[Rodney Dick arrived later in the meeting]

Members Absent

Vickie Yates Brown; Governor Ernie Fletcher

Others Present

Staff - Catherine Ball; Angela Blank; David Bratcher; Brian Furnish; Sandy Gardner; Kara Keeton; Maggie May; Bill McCloskey; Joel Neaveill; Lucinda Pease; Keith Rogers; Nick Whobrey; Stephen Yates **Guests** – Donald Van Erden, The Van Erden Group; Daniel Green, Burley Coop; Deborah Webb, CFA, Community Farm Alliance; Anna Kindrick, KDA, Kentucky Department of Agriculture.

Code of Ethics

Catherine Ball made the statement that she would like us to be a leader in ethics, by accepting the Executive Branch Ethics Commission Challenge and adopting this new code of ethics.

Mr. Rogers explained there was an old ethics document but we are adopting a new one.

Each board member signed the ethics statement.

John Cleaver motioned that we accept the new ethics code; and Donna Amburgey seconded the motion. The motion passed without dissent.

The Status and Future of Kentucky Agricultural Cooperatives

Mr. Rogers reviewed an update of the Produce and Aquaculture Cooperative in which the Board has invested funds.

Mr. Rogers explained that Central KY Growers Association is the most successful of the Cooperatives. Cumberland Farm Products is the oldest cooperative and they have dropped from two million dollars in sales to 500,000 in sales showing a loss this year but are in better shape than we originally thought.

Mr. Rogers explained that West KY Growers Cooperative had really been hit hard with weather problems. They have made some improvements but expect them to come to the Board for some help.

Mr. Rogers stated that the Purchase Area Aquaculture Cooperative is on the verge of shutting down. They have laid off hourly employees and are processing the minimum amount. The Governor and senior staff have been briefed. Offers and counter offers have been made. They have been rejected and there are no potential buyers or offers on the table.

Mr. Griffin asked is they have they made their payment to the bank? Mr. Rogers responded yes they are up to date with their payments. Commissioner Farmer noted that he had talked to a counter part in Mississippi, and said they were having the same problem there and some merges were taking place. Commissioner Farmer said they could follow up on that if the board would like him to.

Dean Smith asked if we could move any of the fish south? Rogers explained there were not enough harvestable size fish in the ponds. The Board wanted to follow up with the Commissioner's offer. Commissioner Farmer said that he would follow up.

Rogers noted that the two out of three cooperatives that we funded in the spring; West KY Growers and Green River Produce Cooperative have made great intentions to make their cooperatives better. Mr. Rogers recommendation is to help them with funding because they have improved.

Mr. Griffin asked what could be learned from Central Kentucky Growers Association? Mr. Furnish noted the Central KY Growers Association runs a tight ship, has dedicated producers, a plan for the off season, and a focus.

The Tobacco Buyout (Update and Discussion)

Sam Moore began updated the board on the outcome of the buyout, noting that it will bring 2.5 million dollars in ten years. Mr. Moore posed three questions: How much tobacco will be grown now? Who is going to grow it and what will it be worth? Mr. Moore explained that there have been concerns on what the tenant farmers get and concerns about Phase II, especially about the last payment for 2004. Mr. Moore noted that lawyers say the intent is to keep Phase II this year. Mr. Moore commented that he was shocked by news media putting a negative slant on this; Mr. Moore believes it will provide smaller farmers the ability to do other things.

[Mr. Moore distributed a list of county payments according to the buyout plan. Board Secretary has this on file]

[Two hand outs were given by Mr. Rogers that are on file with the board secretary.]

Mr. Rogers explained that the intent of congress is for Phase II payments to operate in 2004 and the payments go away in 2005. Mr. Rogers reviewed the history of last year's mediation and that the court is being proactive which could allow Phase II payments to be mailed out December 31, 2004. Mr. Rogers noted that more should be known by November 11, 2004 whether the tobacco companies will pay the Phase II money or not.

Mr. Rogers introduced Daniel Green from the Burley tobacco Growers Coop, who explained events just before the buyout was approved, which showed we were going to receive a whole lot less money. Mr. Green noted that the payment to the growers is a contract between the growers and USDA. Mr. Green explained how the payments will be handled noting that the first payments will go out fiscal year 2005; (Before Sept. 30 of next year). Mr. Green added that there will be an option to take payments in one lump sum, but to be determined.

Mr. Cleaver asked what part is the Burley Cooperative going to play. Mr. Green responded by making sure the pool stocks are not dumped on the market, adding that the Cooperative will have no involvement in payments.

Mr. Hunt asked if the cooperative gets any money directly for administration. Mr. Green responded that they will get some pool stocks.

Dean Smith thinks we need to look at this and for what this does to our board. Dean Smith believes that it should alter our philosophy on Agricultural Development Funds. We need to be thinking on reinvestment.

Mr. Griffin asked about future litigations. Mr. Green explained his understanding between the USDA and growers is that if USDA can not get the money from the tobacco companies then the USDA has to come up with money from different sources.

Mr. Lawson asked how does it effect Phase I because of the state law. Mr. Rogers explained there is a provision where 40 million dollars was transferred from Phase I to Phase II, which has all been spent. The Statute reads that if Phase II falls below 114 million and there is a 20 million deficit or more then Phase I money has to make up the deficit.

Reports from the break out groups and Adoption of Recommendations

Mr. Griffin moved that a letter be written to Washington; recognizing Congress and Farm Bureau and thanking them. H. H. Barlow seconded the motion. The motion passed without dissent.

Mr. Rogers explained to the board that in the next sections he wanted the Board to make one of the following four recommendations:

Accept
Amend and Accept
Table
Reject

Advanced Agriculture

Mr. Rogers said that there were no changes to the recommendations distributed. The final recommendation was that the ADB should play a role in the development of this industry in Kentucky.

Mr. Lawson asked if there are any dollar commitments. Mr. Roger recommended no dollar commitments.

Mr. Griffin moved to accept the above recommendation for Advanced Agriculture; Don Goodin seconded the motion. The motion passed without dissent.

Farmers' Market

Bill McCloskey presented the recommendations for farmers' market recommendation with one change, which was management expenses would be a one time expense.

Mr. Griffin moved that a feasibility study be required on for regional farmers' market requests over \$100,000. Rodney Dick seconded the motion. The motion passed without dissent.

Mr. Rogers explained that staff is suggesting these as the parameter for 2005's money, with the board maintaining the ability to add more or decide not to do it the next year.

Mr. Lawson moved that the Board approve the revised recommendations for Farmers' Markets; H. H. Barlow seconded the motion. The motion passed without dissent.

Agritourism

Stephen Yates presented the recommendation of the Committee, noting changes made to the original recommendation.

Mr. Lawson said the real question is if it just benefits just one county and an individual.

Mr. Lawson asked for a definition of an individual that has a state wide impact. A broader impact. Kara Keeton explained that is why the competitive program is for forgivable loans, noting that someone who only wants to do a corn maze is not going to be able to achieve the forgivable loan.

Mr. Lawson wants to take out the term individual in the definitions and criteria for funding.

Dean Smith feels a lot of people have been eliminated by saying "on the farm". Mr. Rogers explained the targeting entities that would benefit other producers.

Mr. Mahan moved to approve the revised Agri-tourism recommendation; Donna Amburgey seconded the motion. The motion passed without dissent.

General Operations

The Board approved these recommendations:

The ADB shall adopt a policy requiring regional projects, which impact two or more counties, to have county contributions from at least one county impacted by the project with the Board maintaining discretion.

An applicant, or a Principle in a prior application, may only be considered for another project if the original project is in compliance with the GOAP and has maintained their requisite compliance for a minimum of one year with the Board maintaining discretion.

The Board should fund and facilitate an annual Agricultural Diversification conference to be held in the winter of 2005/2006.

GOAP staff should explore a Phased Approach to analyzing state projects. A basic checklist shall be compiled for all applications, and a supplemental form may be created for projects over \$100,000.

The Board should establish a preference for forgivable loans for value-added and other applications. However, grants may be available for some applicants, including non-profit organizations, research, and educational projects.

Forgiveness should be based upon the financial impact to multiple Kentucky producers.

The board should not provide funds for operating and/or start up costs. However, the Board will allow an Applicant to use operation costs and start-up costs for one year as a portion of their match not to exceed 50% of the required match.

When a project receives a low county priority , the GOAP staff should recommend not funding the application, providing an explanation as to why the Council gave the low priority.

An applicant with a high county priority, should receive a GOAP staff recommendation based upon a careful review of the entire application, including whether the application falls within the state and county's long-term plan and the provisions of House Bill 611.

The Board should combine the following programs into Enhanced Livestock Model Program: Cattle Genetics Improvement; Cattle Handling Facilities, Dairy (moved from agricultural

diversification program and expanded), and Pork (Moved from Agricultural Diversification Program and expanded.) Maintaining current cap per category.

Mr. Rogers asked if the board was interested in combining model programs?

Mr. Moore's suggestion was to leave it the way that we have them and put a total cap of \$20,000,. \$5,000 for each category.

Mr. Case felt each one was being handled by a different entity.

Wayne Hunt tabled the motioned for the recommendation of combining certain program into an Enhanced Livestock Model Program. The motion was seconded by Mr. Griffin.

The need for shared-use equipment shall be based upon the number of producers in the county who will have access to the equipment. If a piece of shared-use is currently being used in a county and another entity applies for funds to purchase the same equipment, then the applicant applying for funds must provide substantial documentation clearly indicating the necessity for a second piece of equipment.

Decide which pieces of equipment at a later date. The list of approved equipment may be changed annually. At a later date the Board feels this needs to be turned into a model program.

Only county funds shall be used for shared-use equipment.

The same guidelines applicable to the model programs should apply to non-model shared-use equipment, thus only entities may receive funds for shared-use equipment.

The GOAP staff should prepare a proposal for the November meeting creating shared-use equipment model programs.

The question, should the ADB fund state projects on a retroactive basis was discussed.

Wayne Hunt moved to strike the retroactive payments section in operations. Barlow seconded the motion. The motion passed without dissent.

GOAP staff shall ensure that all Recipients maintain reporting. In the event that a Recipient is not in compliance, the GOAP staff shall, via a written request to the Program Administrator, request the information necessary to reconcile the program with the GOAP.

Only when an Administrative entity has fulfilled its compliance requirements can it be eligible to receive funding for a new application.

Dean Smith moved to approve the above recommendations which exclude the Miscellaneous Projects section. Sam Moore seconded the motion. The motion passed without dissent.

Mr. Case moved to table KAFC issues until a later date. Mr. Hunt seconded the motion. The motion passed without dissent.

Mr. Moore motioned for staff to work on developing a timber model program for the November. Mr. Case seconded the motion. The motion passed without dissent.

Mr. Barlow motioned to table the Big Picture. Mr. Case seconded the motion. The motion passed without dissent.

Regular Business Meeting October 15, 2004 1:00 P.M. (CDT)

Commissioner Richie Farmer, presiding, called the meeting to order, and the Secretary called the roll.

Members Present

Donna Amburgey; H. H. Barlow; Daniel Case; John Cleaver; Rodney Dick; Commissioner Richie Farmer; Dennis Griffin; Wayne Hunt; Sam Lawson; Jim Mahan; Sam Moore; Dean M. Scott Smith; Secretary Gene Strong (Don Goodin, designee);

Members Absent

Governor Ernie Fletcher; Vickie Yates Brown

Others Present

Staff - Catherine Ball; Angela Blank; David Bratcher; Brian Furnish; Sandy Gardner; Kara Keeton; Maggie May; Bill McCloskey; Joel Neaveill; Lucinda Pease; Keith Rogers; Nick Whobrey; Stephen Yates **Guests** – Donald Van Erden, The Van Erden Group; Daniel Green, Burley Coop; Deborah Webb, Community Farm Alliance; Anna Kindrick, Kentucky Department of Agriculture; Jeff Harper, KY Farm Bureau

Notification of Media

Commissioner Farmer received verification from Keith L. Rogers, Chief Executive Officer, that the media had received notice regarding the Agricultural Development Board meeting.

Approval of Minutes

The minutes of the September 17, 2004 meeting were approved as presented.
Dean Smith motioned that the minutes be approved and Mr. Mahan seconded the motion.

Executive Director's Report

Commissioner Farmer yielded the floor to Mr. Rogers for the Executive Director's Report.

Mr. Rogers asked all of Board members to please give their travel vouchers to Angela for reimbursement.

Mr. Rogers announced to anyone who did not know, Cumberland Meat Products withdrew their application that was approved at the September meeting.

Mr. Rogers stated that Mr. Griffin came to his first Oversight Committee Meeting. Mr. Rogers asked Mr. Griffin to give an update on how it went.

Mr. Griffin thought our staff was doing a good job taking every project slowly. There was one individual who was not happy about the Board not funding the school bus drivers. Representative Roger Thomas suggested that we reconsider.

Mr. Rogers noted that the Jessamine County State Representative was the one who made bad remarks, and that staff is not going to bring it back to board.

Referral of November Projects¹

Mr. Rogers presented projects A2004-0443 through A2004-0469 for referral to the Board's Project Review Committees. Mr. Dick moved that projects A2004-0443 through A2004-0469 be referred the Board's Project Review Committees;" Mr. Case seconded the motion. The motion passed without dissent.

Approval of Model Programs²

Commissioner Farmer submitted projects A2004-0454, A2004-0460, A2004-0463, A2004-0438, and A2004-0440 as projects meeting the model **Agricultural Diversification Program** guidelines.

Commissioner Farmer submitted projects A2004-0434 and A2004-0445 as projects meeting the model **Cattle Genetics Improvement Program** guidelines.

Commissioner Farmer submitted projects A2004-0435 and A2004-0455 as projects meeting the model **Cattle Handling Facilities Program** guidelines.

Commissioner Farmer submitted projects A2004-0459, A2004-0448 and A2004-0447 as projects meeting the model **Farm Livestock Fencing Improvement Program** guidelines.

Commissioner Farmer submitted project A2004-0446 as a project meeting the model **Forage Improvement & Utilization Program** guidelines.

Commissioner Farmer submitted project A2004-0432 as a project meeting the model **Goat Diversification Program** guidelines.

Commissioner Farmer submitted projects A2004-0437, A2004-0462, A2004-0431, A2004-0456, A2004-0444, and A2004-0439 as projects meeting the model **Hay, Straw & Commodity Storage Program** guidelines.

Mr. Mahan moved the said applications be approved for the named model programs; H. H. Barlow seconded the motion. The motion passed without dissent.

¹ A detailed list of the referred projects is attached as Appendix A.

² A detailed list of projects funded under each model program category is attached as Appendix B.

Review of Amendments

Commissioner Farmer presented the following amendments for approval.

A2004-0192, Estill County Conservation District, was approved for \$26,250 on May 21, 2004. The applicant requests an \$3,150 for the Agricultural Diversification Program in Estill County. The request received a High priority from the Estill County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$29,400.

A2004-0150, Anderson County Cattlemen's Association, was approved for \$31,250 on April 29, 2004. The applicant request a decrease in project funds of \$20,000 for the Cattle Genetics Improvement Program in Anderson County. These funds are to be reallocated to the county account. Approval of this request would bring the program total to \$11,250.

A2004-0201, Anderson County Farm Bureau, was approved for \$48,125 on May 5, 2004. The applicant requests an additional \$20,000 for the Farm Livestock Fencing Improvement Program in Anderson County. The request received a High priority from the Anderson County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$68,125.

A2004-0147, Anderson County Farm Bureau, was approved for \$15,113 on April 29, 2004. The applicant requests an additional \$6,000 for the Hay, Straw and Commodity Storage Program in Anderson County. The request received a High priority from the Anderson County Council. The term of the program shall remain 18 months from the execution date of the original agreement. Approval of this request would bring the program total to \$21,113.

A2004-0200, Anderson County Farm Bureau, was approved for \$23,126 on May 21, 2004. The applicant requests an additional \$15,000 for the On-Farm Water Enhancement Program in Anderson County. The request received a High priority from the Anderson County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$38,126.

A004-0114, Laurel County Cattleman's Association, was approved for \$151,067.23 on April 29, 2004. The applicant requests an additional \$6,000 for the Hay, Straw and Commodity Storage Program in Laurel County. The request received a High priority from the Laurel County Council. The term of the program shall remain 18 months from the execution date of the original agreement. Approval of this request would bring the program total to \$157,067.23.

A2004-0389, Cave Region Agritourism, Inc., was approved for \$22,500 on September 17, 2004. The applicant requests an additional \$500 from Edmonson County Funds, which received a High priority from Edmonson County, which decreases the

state portion of the project by \$500. All other terms and conditions of the legal agreement remain the same.

A2004-0525, Mountain Cattlemen's Association, was approved for \$5,272 on November 21, 2003. The applicant requests an additional \$1000.00 for the Cattle Genetics Improvement Program in Lee County. The request received a High priority from the Lee County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$6,272.

A2004-0056, Lee County Conservation District, was approved for \$15,750 on March 19, 2004. The applicant requests an additional \$19,230 for the Farm Livestock Fencing Improvement Program in Lee County. The request received a High priority from the Lee County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$34,980.

A2004-0055, Lee County Conservation District, was approved for \$21,000 on March 19, 2004. The applicant requests an additional \$19,230 for the Hay, Straw and Commodity Storage Improvement Program in Lee County. The request received a High priority from the Lee County Council. The term of the program shall remain 18 months from the execution date of the original agreement. Approval of this request would bring the program total to \$40,230.

Mr. Griffin moved that said amendments be approved; Mr. Mahan seconded the motion. The motion passed without dissent.

Old Business

No old Business

New Business

Mr. Lawson moved that staff explore an education plan including scholarships for retraining farmers, college or a tech school that would help the farmers retrain themselves; Based on House Bill 611; explore what is the best plan for KCADE and explore buy downs and lock in of interest rates to use besides grants and loans. Ms. Amburgey seconded the motion. Motion passed without dissent.

Mr. Rogers clarified that staff could have buy downs and training prepared by November , but KCADE would take a couple of months.

Closing Remarks

The next meeting of the Kentucky Agricultural Development Board will convene at 1:00 P.M. E.S.T., November 19 at the Franklin County Cooperative Extension Office. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

The meeting adjourned at 1:25 P.M. C.D.T.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____

New Applications for Referral

Appl #	Project Name	Project Type
A2004-0443	Edmonson County Conservation District	Project
A2004-0444	Trigg County Cattlemen's Association, Inc.	Hay, Straw, & Commodity Storage
A2004-0445	Trigg County Cattlemen's Association, Inc.	Cattle Genetics Improvement
A2004-0446	Trigg County Cattlemen's Association, Inc.	Forage Improvement & Utilization
A2004-0447	Trigg County Cattlemen's Association, Inc.	Farm Livestock Fencing Improvement
A2004-0448	Montgomery County Conservation District	Farm Livestock Fencing Improvement
A2004-0449	Montgomery County Farm Bureau of Montgomery County, Kentucky	Agricultural Diversification
A2004-0450	Foothills Goat Association, Inc.	Project
A2004-0451	Montgomery County Cattlemen's Association, Inc.	Hay, Straw, & Commodity Storage
A2004-0452	Montgomery County Conservation District	Project
A2004-0453	Montgomery County Farm Bureau of Montgomery County, Kentucky	Project
A2004-0454	SKAD/Clinton County Farm Bureau, Inc.	Agricultural Diversification
A2004-0455	Taylor County Cattlemen's Association, Inc.	Cattle Handling Facilities
A2004-0456	Taylor County Cattlemen's Association, Inc.	Hay, Straw, & Commodity Storage
A2004-0457	The Grant County Agricultural Diversification Council, Incorporated	Cattle Handling Facilities
A2004-0458	Central Kentucky Meat Goat Producers Association, Inc.	Goat Diversification
A2004-0459	Green County Cattlemen's Association, Inc.	Farm Livestock Fencing Improvement
A2004-0460	Green County Farm Bureau	Agricultural Diversification
A2004-0461	Green County 4-H Council	Project
A2004-0462	Green County Conservation District	Hay, Straw, & Commodity Storage
A2004-0463	Muhlenberg County Farmers Market Association, Inc.	Agricultural Diversification

New Applications for Referral

Appl #	Project Name	Project Type
A2004-0464	SKAD	Agricultural Diversification
A2004-0465	Sharpe Farm	Project
A2004-0466	Kentucky Horticulture Council, Inc.	Project
A2004-0467	Lewis County Conservation District	Agricultural Diversification
A2004-0468	Lewis County Conservation District	Cattle Handling Facilities
A2004-0469	Marion County Conservation District	Project

APPENDIX B: Model Program Lists

Agricultural Diversification

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0454	SKAD/Clinton County Farm Bureau, Inc.	Clinton	\$25,000.00
A2004-0460	Green County Farm Bureau	Green	\$80,000.00
A2004-0463	Muhlenberg County Farmers Market Asso	Muhlenberg	\$30,000.00
A2004-0438	Kentucky's Choice Homegrown Beef LLC	Washington	\$42,000.00
A2004-0440	Washington County Grape Growers Assoc	Washington	\$15,750.00
			<u>\$192,750.00</u>

Cattle Genetics Improvement

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0434	Green River Area Beef Improvement Grou	Daviess	\$12,000.00
A2004-0445	Trigg County Cattlemen's Association, Inc	Trigg	\$15,561.00
			<u>\$27,561.00</u>

Cattle Handling Facilities

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0435	Green River Area Beef Improvement Grou	Daviess	\$46,290.00
A2004-0455	Taylor County Cattlemen's Association, I	Taylor	\$44,000.00
			<u>\$90,290.00</u>

Farm Livestock Fencing Improvement

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0459	Green County Cattlemen's Association, I	Green	\$65,000.00
A2004-0448	Montgomery County Conservation District	Montgomery	\$93,125.00
A2004-0447	Trigg County Cattlemen's Association, Inc	Trigg	\$28,500.00
			<u>\$186,625.00</u>

Forage Improvement & Utilization

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0446	Trigg County Cattlemen's Association, Inc	Trigg	\$1,185.00
			<u>\$1,185.00</u>

Goat Diversification

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0432	Russell County Goat and Sheep Producer	Russell	\$40,000.00
			<u>\$40,000.00</u>

Hay, Straw, & Commodity Storage

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0437	Green River Area Beef Improvement Grou	Daviess	\$7,202.00
A2004-0462	Green County Conservation District	Green	\$136,500.00
A2004-0431	Kenton County Farm Bureau, Inc.	Kenton	\$51,500.00
A2004-0456	Taylor County Cattlemen's Association, I	Taylor	\$18,000.00
A2004-0444	Trigg County Cattlemen's Association, Inc	Trigg	\$28,500.00
A2004-0439	Washington County Dairy Herd Improvem	Washington	\$52,500.00
			<u>\$294,202.00</u>